

## THE ROLE OF GOVERNMENT IN NORTHERN DEVELOPMENT

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In 1867 Canada was an imposing ideal - but a very unimpressive reality. The ideal was dazzling: a great, united nation stretching from the Atlantic to the Pacific. It was something to catch the imagination and to inspire the efforts of men. But it took some faith to believe in it, for the Canada of that day was a poor, underpopulated and depressed collection of disjointed settlements along the St. Lawrence and the Atlantic seaboard.

The ideal of 1867 has become the reality of today. Our nation does stretch from sea to sea; the then vacant spaces in the great western plains have been settled and developed; depression and uncertainty have given way to prosperity and confidence. The Canada of today has about the same relation to the Canada of 1867 as the fairy princess at the ball had to ragged Cinderella crouching in the ashes.

What has made that difference? Many things have contributed, but a very large part of the difference of 90 years results from the development of the west - a frontier region that was just as empty in 1867 as the North is today, and just as unknown. The resources of that developing west have transformed, not only the west itself, but the settlements of the east, and have added immeasurably to the wealth of the country as a whole.

For some 90 years the achievement of the task of 1867 has been sufficient for us. Today, however, we have the sense that that first

of our national construction has been accomplished. Suddenly we

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have become aware that there is a new task still to be done. We have made our nation „ so far, in only 15 or 20 per cent of our country. North of us stretches another 80 per cent - just as empty as the west of 1867, just as intriguing, and just as promising. We are now aware of it - and Canada is moving to do something about it.

The west did not develop by itself. It took a lot of effort by a lot of people. It could not have developed without the C.P.R. - and the C.P.R. could not have been built without great courage, great effort - yes, and a great deal of money. It took private initiative, the money of investors, the perseverance and confidence of men of industry and finance, and the hard work of countless pioneers. But it took more than that. It required the backing, the financial help, the determination and the vision of the government and the people of that day. Through that co-operation between public and private effort the basis was provided on which development could take place. This city and these western provinces are testimony to the effectiveness of that work.

What was true of the opening of the west is even more true of the opening of the north today. National policy and government action were essential to develop the west. Today, the character of the north and the changing attitudes of people make the role of government still more important.

What is the role of government in development? There is no revealed truth that prescribes one answer and only one to this question. It depends on the economic philosophy of the nation and on the attitude of the people within it.

The role of government in development can be zero. It can do nothing - leaving everything to the efforts of individuals and corporations. There are governments today that subscribe to that doctrine - and their countries usually get the amount of development one would expect to come from such a view. Development may, indeed, occur without the assistance of national policy and government action but it is likely to be slow and its benefits uncertain. In Canada there have been times when we seemed - for

short and low, composed of little dense tufts of short grass with some scattered clumps of tall grasses. The soil is a light brown, sandy loam, with a thin layer of humus on top. The surface is covered with a dense growth of grasses, mostly tall grasses, and some shorter ones, and the ground is covered with a thin layer of humus. The soil is a light brown, sandy loam, with a thin layer of humus on top. The surface is covered with a dense growth of grasses, mostly tall grasses, and some shorter ones, and the ground is covered with a thin layer of humus.

On the surface of the ground, there are many small plants, mostly grasses, and some weeds, and the ground is covered with a thin layer of humus.

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the moment - to have fallen into that attitude, but in general it has not been the Canadian position.

At the other extreme - the role of government can be everything. Government can, if it is the philosophy and desire of the state, undertake the development from beginning to end - provide the basic services, direct the manpower, exploit the resources, and derive the returns from them. This is the philosophy of the Soviet Union - and it would be a person both bold and blind who would say that such a development system does not work. It does work, and we might as well get used to the idea. It is even possible to argue that, in terms of the sheer logic of material development of a new country, this is the quickest and surest system. The nation directs the amount of effort it is prepared to devote into the places it thinks most desirable for development at the time it thinks best, and it fits the entire project into a comprehensive plan for the economy of the country as a whole.

We would make a very great mistake if we assumed that this is an inefficient way to go at the task of national economic development. There is nothing to prove that it is inefficient - and there is a lot to suggest that it isn't. The Russians have gone a good deal further in northern development than we have, and there is no indication that they have been any less efficient in that task than they were in producing "SPUTNIK" - a project in which they were not very noticeably outclassed.

However, the Russian system is more than just an economic method. To make it work, individual freedom is subordinated to the direction of an omnipotent State. It is not our system and I hope it never will be.

What then, under our system, is the proper role of government in the field of development?

We in Canada have subscribed to the view since early in our history that the development of this country requires the co-operative effort of government and individual enterprise. The individuals may be people - the colonial settlers, the western homesteaders or the northern prospectors - or they may be great companies. But they act on their own,



make their own decisions, invest their own funds and efforts, and take their own rewards. We seem to have regarded the essential task of government - whether federal or provincial - as twofold: to provide the basic services that are necessary to enable development to occur; and to provide the general economic climate in which individual enterprise can feel confidence that its efforts will be rewarded if it puts money and effort into the tasks of development.

The Prime Minister of Canada set this policy forth very clearly in a speech in Toronto on August 20, 1958. In that speech, Mr. Diefenbaker referred to the fact that, of our entire national area, ninety per cent is still in the public domain, under federal or provincial ownership. This is something that may not have occurred to a great many Canadians. He went on to express the view that:

"It is the clear duty of the government management at every level to put those assets to work so that they will earn for all Canadians the dividends necessary to raise the standard of living of every Canadian to a level commensurate with his or her proprietary interest in these vast resources.

"It is the responsibility of government to provide the climate and opportunity for the development of the potential wealth of this ninety per cent of Canada which still belongs to the Canadian people.

"This is the expression of a belief in the role of public or government enterprise as a necessary catalyst for the fullest functioning of our system of private enterprise. It envisages a policy of practical partnership of public and private enterprise in which the government will find the necessary funds to overcome the initial problems of expanded communications, and other essential public services. These are very real problems of resource development in this country due to the great central fact of our national development, namely that Canada's major resources are almost entirely land-locked within the great mass of the northern half of this continent."

There are essentially three propositions in this philosophy of resource development.

The first: That the resources are the property of the people of the country as a whole, and therefore the government must ensure that they earn "for all Canadians" a fair share in the benefits.



The second: That the role of government is not passive but dynamic. That it should stimulate resource development and create the conditions that will make it possible.

The third: That private enterprise has an essential role in the actual development of the resources available.

This approach requires that government be not in any sense a passive partner in this association of public and private effort. It has to be active - and it has to be enterprising. We speak a great deal in this country of "private enterprise" - and rightly so. We tend to forget - or perhaps to overlook the fact - that government can and should be enterprising too. In truth, in the dynamic periods of our national development, "public enterprise" has been of fully as great importance as private enterprise. Our national philosophy in the field of development is one of double enterprise - public and private.

How can public enterprise manifest itself? There are many ways.

In physical resource development, if it is to be soundly based, we need to know what we have, where it is, and what use might be made of it. These functions of survey, inventory and planning can most effectively be carried out by government - and much has been done in Canada with regard to them, although a great deal remains to be done. Forest inventories and forest research, hydrometric surveys, agricultural and fishery investigation and experiment all come within the category of public contribution to resource development. In the case of the north, the geological surveys and mapping - which are the foundation of mineral exploration and development - are of even greater importance. Enterprise and imagination by government can do much to disclose what is available for development and to indicate where and when direct effort can best be devoted.

Beyond these functions we come to the provision of services.

Of the basic services, transportation is by far the most important. With distances as vast as in Canada, if the means of transportation were to be provided by private enterprise only when and where they would be a



paying proposition, we would have precious little development. We have accepted the view that the government must participate, totally in the case of public roads and airfields, and partially in the case of railways. The only question on which, in this connection, there appears to have been different views in recent years is that of timing: should the facilities be put into promising areas ahead of development, or should they follow? And if they go in ahead, how much ahead should they go, and how much should government be prepared to spend on the job?

We have moved lately toward the view that they should precede - that they should be put into new and promising regions to open them up for the development we expect to follow. This was the philosophy behind the building of the first transcontinental railway, but the philosophy was somehow lost after the opening of the west. Today there is a new appreciation that government must lead with the provision of transportation services if development is to occur in the vast new areas of the north.

Thus it is that in the new territorial development roads program - which envisages an expenditure by the federal government of upwards of \$100 millions over the next six or seven years - the government is taking the same kind of calculated risk as that taken by the railway builders of the 1880's. We are using existing roads such as the Mackenzie Highway, the Whitehorse-Dawson Highway and the Alaska Highway as points of departure. From these points we are striking off into new areas that, according to the best technical appraisal available, are known to be highly mineralized and favourable prospects for development. But we cannot be certain that development will inevitably flow from the construction of these roads any more than the railway builders could be certain of disproving the confident prediction of Sir George Simpson that grain would never be grown west of Winnipeg.

Other services are much more important to development now than they were on the prairies of 80 years ago. Hospitals, schools, electricity, sewer and water - all the amenities of civilization are expected on the frontier to an extent they were not expected by the Prairie pioneers - and



normally it is government that must provide them. I do not blame the people on the frontier one bit for wanting normal services - and no Canadian should. However, the costs of these services in remote areas are often great. They are costs that have to be met by one or another of the partners in the task of resource development.

In the area covered by this Conference, the provision of these basic services falls on both the federal and the provincial governments. South of the sixtieth parallel, the federal role has recently become more dynamic with the new "Roads to Resources" program. This measure of assistance to the provincial governments should do much to open new and promising areas for future development.

Federal and provincial governments will share equally in the cost of a \$150 million program to be undertaken over the next five or six years. Like the northern development roads, there is an element of speculation in this program although the most careful consideration is given at both levels of government to the selection of the most promising areas for these resource roads. In general, the roads will be constructed to minimum standards in order to get the most miles for our dollars and thus to open up the maximum amount of new and promising territory.

It may be of interest to report that projects have already been agreed to in eight provinces which will produce some 3,500 miles of resource development roads. As the program develops, the roads in the western provinces will ultimately provide improved transportation to the Yukon and Northwest Territories and will link up with the expanded territorial roads systems.

North of sixty degrees the public enterprise and investment designed to stimulate economic growth has, for the present, to be almost entirely federal. The two Territories do not yet have the population or the economic strength to discharge the normal provincial role. That day will come, but it has not yet arrived. For the moment, the federal government stands as trustee for the people of future northern provinces, and we are in a phase of national investment to promote the growth of these areas.



Transportation is the greatest single need. I have referred to the major road program initiated by the federal government. It is the hope of everyone in the Northwest Territories that the provision of the first rail connection with the rest of Canada - a railway to Great Slave Lake - will not be long delayed. More than anything else, that rail connection will determine the rate at which development occurs in the entire, vast Mackenzie area.

It is clear that government, in its role under our philosophy not only provides the basic services expected of government such as health, education, law and order, and necessary administrative and regulatory services, but in a number of other important ways can do much to provide the basis for the industry and finance that can then carry forward with resource development. But why should it? It is of some importance - both to government and to private enterprise - to be clear and to keep clear the reasons why, in Canada, we have decided throughout our national history that it is a proper role for government to assist private enterprise in resource development.

Certainly it is not merely for the sake of the private companies or their shareholders. If it were for this limited interest such action by government would be extremely difficult to justify. The obligation of government is to the country and the people as a whole and the money it must spend for development can only come from the taxpayers of all Canada. Consequently, its participation as a partner in development must be because it believes that such action will be for the general national advantage. In other words, government has become a partner of private enterprise in development - of resources generally, or in the north in particular, - because it considers that its participation will benefit the people as a whole.

Private enterprise should want the assistance of government on no other basis - because on no other basis will government action command continuing popular support. This consideration means that it is important to convince the people of the country that action to facilitate development is important for their welfare and prosperity - now and in the future.



Because resource development is for the general national advantage in the long as well as the short term, it is also important to ensure that our development proceeds with a due regard for the future - with careful use and genuine "conservation" of the resources that are exploited. It is the role of government to ensure the national benefit in the distribution of the gains from the use of the national resources, but both government and private enterprise can share in the task of seeing that they are exploited and managed wisely and with the future, as well as the immediate needs fully in mind. Conservation in its broadest sense is surely a matter of enlightened self-interest - whether from the standpoint of the individual commercial operation or of the nation as a whole.

Now for a word of caution. To be realistic, we who are interested in development, must recognize that the requirements of the national economy may at times conflict with our desires for direct government action and assistance. We have to be prepared to take the long view and to see the whole picture. We must realize that other essential needs make their competing demands on the total resources of government which are, of course, directly related to the total national productivity and to the acceptance of Canada's output in the markets of the world.

I have said, and I hope I have not laboured the point, that government participates in resource development because it considers that this participation will benefit Canadians at large - the public as a whole. I should like to add, however, - and with this thought I will bring these brief remarks to a close - that, in relation to northern development, the federal government has a special and inescapable responsibility to one particular sector of the Canadian public - the native peoples of the north.

The standard of living of the Northern Indians and of our Canadian Eskimos is far below the national average - indeed below what is regarded as poverty anywhere else. For many of them life has become precarious because of the drastic decline in the supply of caribou, the diminishing prices of furs and other factors which I will not elaborate at this time. Indeed, the



catastrophic deterioration in their economy is one of the real tragedies of Canada today. The government is doing everything in its power to ease the plight of those Eskimos and Indians who are faced with hardship and to raise their standard of health, education and economic position. Northern development activities are closely tied in with these efforts because they help to improve communications and to provide new methods of earning a livelihood for people who can no longer sustain themselves from their traditional pursuits of hunting, trapping and fishing. Therefore in planning government expenditures on the north we must consider not only the physical development aspect but also the possible consequences for our native population.

The obligation of government to our native northern peoples is clear and inescapable. For it, the immediate human problem must never be subordinated to the requirements of physical resource development. Private enterprise too is becoming more aware of its own obligations to have regard for these human considerations. Certain companies are doing splendid work in ensuring that the native people of the north share in the benefits of resource development there - and are finding that they too benefit from a labour force that knows the north and lives easily in it. With proper planning, material resource development can be carried out in such a way as to provide the maximum development of the human resources of the north.

In developing the material and human resources of the north we are encouraged, on the one hand, by a new readiness on the part of the public to see government accelerate its efforts and, on the other, by a new awareness on the part of private enterprise of the exciting possibilities of this vast and promising area. Government - at both the federal and provincial levels - is responding, and there is every indication that it will continue, on a steadily increasing basis, to do its part in the process of development under our system. It will be the responsibility of private enterprise to follow through with imagination, drive and efficiency - and with a consciousness of its responsibility in this great initiative.



This teamwork for development is not only a mark of the effective functioning of our system and an earnest of our faith in the future but it can and will be a warranty to all our people that the Canadian north will one day hold a place of honour in our progress as a nation.

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